

AR17

File *3 liner*

Lee
**NORTH WEST LIFE
ASSURANCE COMPANY**

**ANNUAL REPORT
1966**



MEASURING NWL PROGRESS

HIGHLIGHTS OF THE YEAR 1966

	1966	1965
New Paid Business	\$23,585,000	\$20,916,083
Life Insurance in Force.....	66,574,085	55,815,985
Capital and Surplus Funds.....	1,204,206	1,068,840
Admitted Assets.....	2,999,400	2,457,718
Payments to Policyowners and Beneficiaries	159,326	148,572
Total Income.....	962,889	842,458
Premium Income.....	813,729	711,207
Investment Income.....	142,520	121,189

LETTER TO NWL SHAREHOLDERS

The year 1966 was one of success and accomplishment for North West Life Assurance Company.

A concerted effort has been made by the management of your Company to outline concisely, in words and figures, Company activities during 1966 along with the special attention given in areas where progress is desired.

During the year we passed the fifth anniversary of the change in management and this report features a comparison with the results of 1961. Detailed figures and six year comparison charts are shown in the following pages but Shareholders will be interested in a digest of the year's operations.

New paid life insurance and annuity sales reached \$23,585,000 during 1966, an increase of 466 percent over the total new insurance sales of \$4,167,000 in 1961.

Approaching seventy million dollars of life insurance and annuities in force, N.W.L. reported a total of \$66,574,085 at year end, an increase of 959 percent over the total of \$6,288,000 at the end of 1961.

The results of operations continued to improve with a net loss of \$147,281, down considerably from the \$225,896 figure in 1965, and the \$351,449 result in 1964. Total income was \$962,889 for 1966 compared to \$834,869 the year before and \$151,635 in 1961. Income from premiums total \$813,729, a gain of 14.4 percent over 1965 and 583 percent greater than in 1961. Investment income was \$142,520 representing a 16.4 percent increase over 1965 and 378 percent higher than 1961.

Assets at the close of 1966 stood at \$2,999,400, compared to \$2,457,718 at the end of 1965, and \$874,643 at the end of 1961. Holdings of bonds and collateral loans increased to \$2,590,336 from \$2,100,332 the previous year, while mortgage investments declined to \$70,920 from \$88,551 a year earlier.

In 1966 your Directors arranged for the presentation of a Bill to the House of Commons in Ottawa to obtain a Federal Charter. On January 19, 1967, the House of Commons Committee on Finance, Trade and Economic Affairs approved the federal incorporation of the Company. It is expected that the remaining formalities required to complete the transition to federal status will be completed before the middle of 1967. The Company will then be in a position to embark upon its plans for eastward development.

We are pleased to report that there were no changes in the Board of Directors during 1966 and we sincerely hope that all of the present members of the Board will continue to serve the Company in the years to come.

Lastly, very importantly, we express gratitude to the many persons — sales representatives, Home Office and field employees, policy owners, and friends of the Company — whose efforts made possible the accomplishments of 1966.

With a continuation of this dedication, favourable economic conditions and extra effort in specific areas, we look forward to further progress in 1967.



Peter G. Ropchan, President

NWL IS PEOPLE

The success of a business organization dealing in services is based on the people who make up that organization.

The Home Office Management Committee is responsible for the over-all planning and operation of the Company.

More than 60 full-time field men represent the Company to Canadians needing life and health insurance protection.

In the Home Office, there are 20 experienced people devoting skill and attention to the special areas of their work.



The five men pictured above are the Home Office Management Committee:
From left: E. R. Aird, Agency Secretary; P. G. Ropchan, President; D. R. Francis, Actuary and Assistant General Manager; A. C. B. Singleton, M.D., Medical Director; A. W. Putz, Secretary-Treasurer.

AREAS OF OPERATION:

What a company plans to do in the present determines what it achieves in the future.

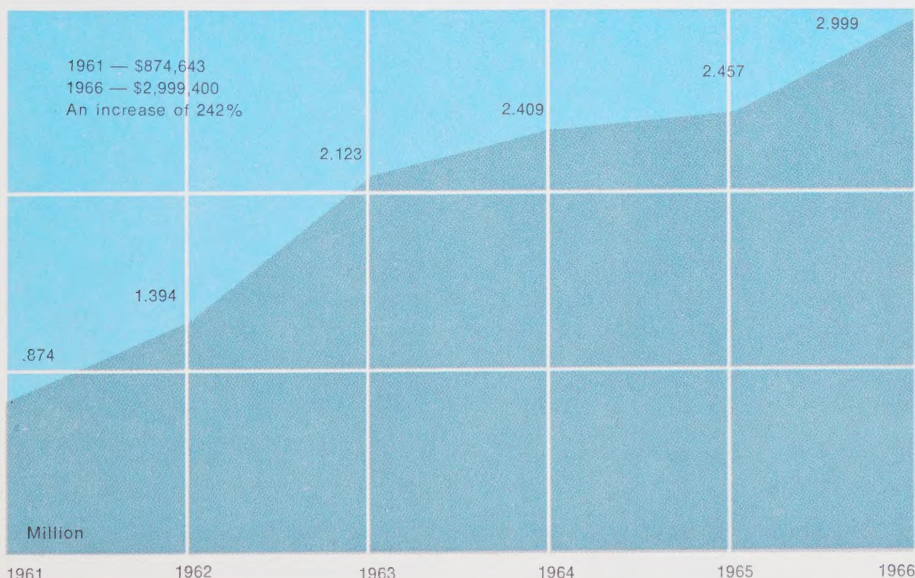
Particularly is this true in life and health insurance, which by its very nature, is a long-range business. Results of action taken now cannot be fully measured until some years in the future. By the same token, the price of inaction is not paid until a later time.

The first half of the decade of the sixties has seen the continued evolvement of many changes which directly and drastically affect the life and health insurance business. Full employment, record incomes, an increasingly mobile population, dramatic shifts in the age patterns of our population, are a few of the many factors which have brought about the need for changing concepts and procedures.

Keeping abreast of changes and anticipating their future effect on Company operations are the responsibility of the N.W.L. Home Office Management Committee. All areas of operation are continually studied in light of today's circumstances and tomorrow's consequences. Plans of action are reviewed and approved by the Committee and executed by the concerned departments.

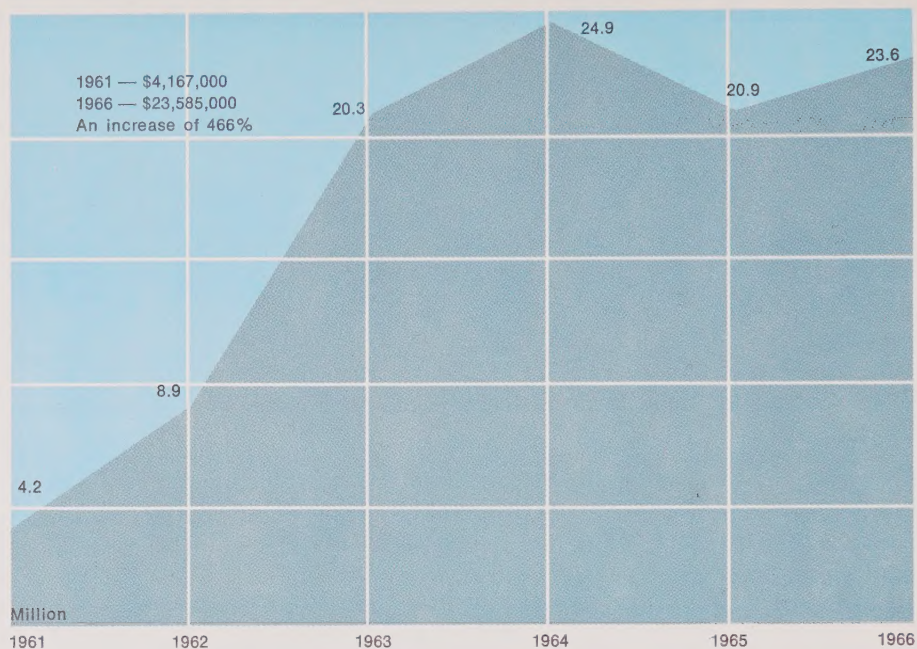
As advance planning is an accurate means of measuring the future progress to be achieved a detailed explanation of the areas requiring and receiving attention and action of the Management Committee are outlined here.

ASSETS



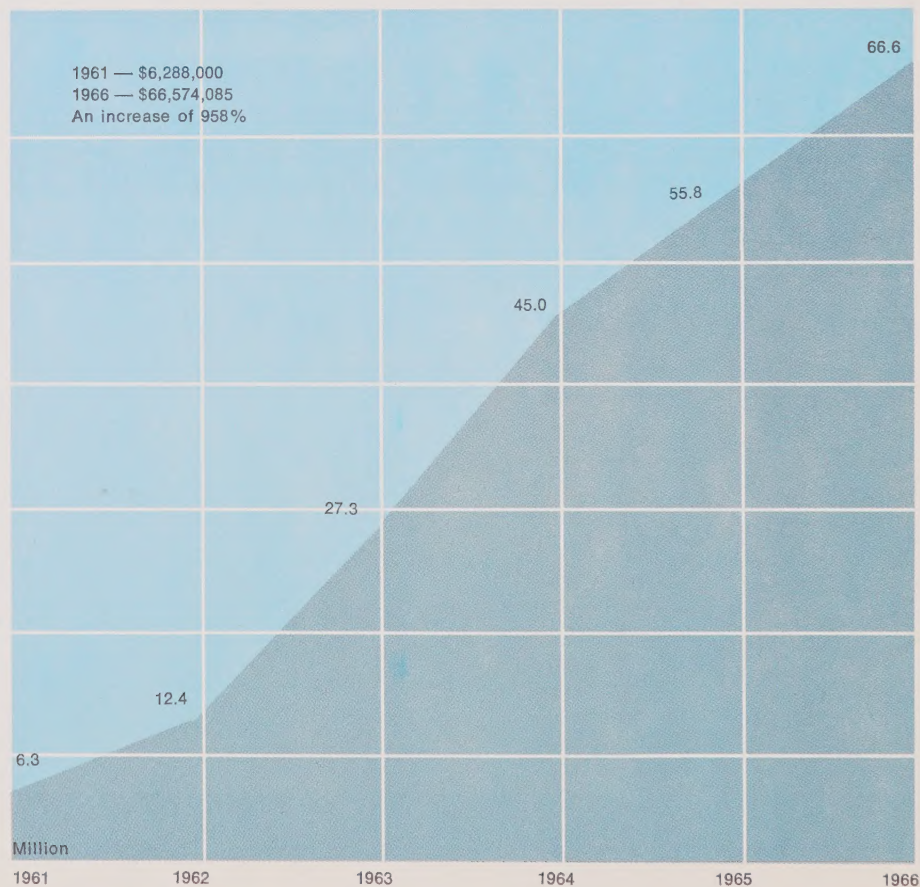
N.W.L.'s total assets continue their steady rise very close to the 3 million dollar point at the close of 1966. In the last five years, the company's assets have increased from \$874,643 to \$2,999,400 — an increase of 242 percent.

NEW LIFE INSURANCE AND ANNUITY SALES



Graphically shown in this chart are new life insurance and annuity sales each year during the last six years. N.W.L. is approaching \$25 million dollars in new insurance sales each year.

LIFE INSURANCE AND ANNUITIES IN FORCE



Life insurance and annuities in force reached just over 66½ million dollars at the close of 1966. With the addition of \$11 million during the year the Company expects to pass the \$75 million in force mark early in 1967.

STATEMENT OF REVENUE AND SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 1966

(with comparative figures for the year ended December 31, 1965)

REVENUE	1966	1965
Premium income	\$ 907,414	\$ 785,506
Less: Reinsurance premiums paid.....	93,685	74,299
	813,729	711,207
Investment income.....	142,520	121,189
Sundry	6,640	1,270
	962,889	833,666
AMOUNTS PAID OUT OR SET ASIDE		
For policyholders or beneficiaries		
Death and disability claims, health and accident claims and annuity payments.....	107,639	110,213
Cash surrender values.....	30,209	24,108
Dividends to policyholders.....	21,478	14,251
Interest credited to amounts on deposit.....	12,248	8,047
Increase in policy reserves to provide for future claims.....	332,851	263,396
	504,425	420,015
EXPENSES		
General operating.....	239,152	245,757
Agency operating.....	108,170	136,082
Commissions.....	240,252	242,765
Taxes and licences.....	18,171	16,147
	605,745	640,751
Total amounts paid out or set aside.....	1,110,170	1,060,766
Net income (loss) from operations.....	(147,281)	(227,100)
Surplus at December 31, 1965.....	527,270	822,798
Add: Premium arising on sale of capital stock during the year.....	267,400	70,080
Receipts from sale of share warrants.....	—	2,700
Less: Loss on investments.....	(16,845)	(141,208)
Commissions and other share issue expense.....	(21,128)	—
Increase in actuarial reserve due to change in valuation basis.....	(5,500)	—
	751,197	754,370
Surplus at December 31, 1966.....	\$ 603,916	\$ 527,270

ASSETS

	1966	1965
Debentures of or guaranteed by Federal Governments or the provinces of Canada—Note 1.....	\$1,584,701	\$1,569,989
Municipal, public utility and miscellaneous bonds and debentures—Note 1.....	642,635	530,342
Collateral loans—secured by the deposit of debentures to the order of the company.....	363,000	—
First mortgages on real estate.....	70,920	88,551
Real estate owned by the company—at cost.....	26,443	—
Loans on policies—secured by cash surrender values.....	111,844	72,722
Cash.....	35,230	48,043
Investment income due and accrued.....	25,124	25,015
Insurance and annuity premiums in course of collection.....	73,176	59,956
Office furniture and equipment—at cost less accumulated depreciation.....	56,314	60,970
Other assets.....	10,014	2,130
	<u>\$2,999,401</u>	<u>\$2,457,718</u>

On behalf of the Board:

P. G. ROPCHAN, *Director*

A. LIBIN, *Director*

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1966

Note 1

The values at which debentures and bonds are shown are not in excess of amortized cost and in the aggregate do not exceed the values permitted by the regulations issued by the Association of Superintendents of Insurance of the Provinces of Canada.

Note 2

a) During the year 29,360 shares were issued for a total cash consideration of \$326,120.

b) At December 31, 1966 employees' options (exercisable up to August 1, 1971) were outstanding for the purchase of 8,700 shares at \$10.00 per share. Additional unissued shares are reserved for em-

ployee options as follows:

i) 415 at \$10.00

ii) 10,000 at \$18.25

During the year 100 shares were issued under employee options.

c) At December 31, 1966 shares purchase warrants (exercisable on or before May 1, 1969) were outstanding for the purchase of 27,000 shares at \$18.25 per share.

Note 3

Participation certificates issued by a predecessor company are outstanding in the amount of \$86,042. The company has the right, subject to the approval of the Superintendent of Insurance for British Columbia, to redeem any or all of such certificates, but is not under obligation to do so.

LIABILITIES

	1966	1965
Policy reserves which with interest and future premiums are to provide for claims as they fall due.....	\$1,447,256	\$1,108,905
Other obligations to policyholders and beneficiaries		
Policy dividends left on deposit and premiums paid in advance.....	248,481	185,361
Policy claims awaiting proof.....	10,800	24,060
Other liabilities		
Mortgage payable on real estate.....	18,103	—
Sundry amounts due and accrued.....	70,555	70,552
Total liabilities to policyholders, beneficiaries and others.....	1,795,195	1,388,878
Capital stock — Note 2		
Authorized — 500,000 shares of \$2.00 par value each		
Issued — 300,145 shares	600,290	541,570
Surplus, consisting of \$1,985,002 contributed surplus arising from the issue of shares at a premium less accumulated operating and capital losses	603,916	527,270
	<u>\$2,999,401</u>	<u>\$2,457,718</u>

Reference is hereby made to the notes to financial statements which are an integral part thereof.

AUDITORS' REPORT TO THE SHAREHOLDERS

North West Life Assurance Company.

We have examined the balance sheet of North West Life Assurance Company as at December 31, 1966 and the related statement of revenue and surplus for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances including the confirmation of bank balances and securities by certificates from the depositaries.

The policy reserves and other liabilities under policy contracts are stated at the amounts certified to by the company's actuary who is an officer of the company and have not otherwise been verified by us. Subject to this in our opinion the aforementioned financial statements present fairly the financial position of the company as at December 31, 1966 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

TOUCHE, ROSS, BAILEY & SMART,
Vancouver, B.C. Chartered Accountants.
January 25, 1967.

AREAS OF ATTENTION:

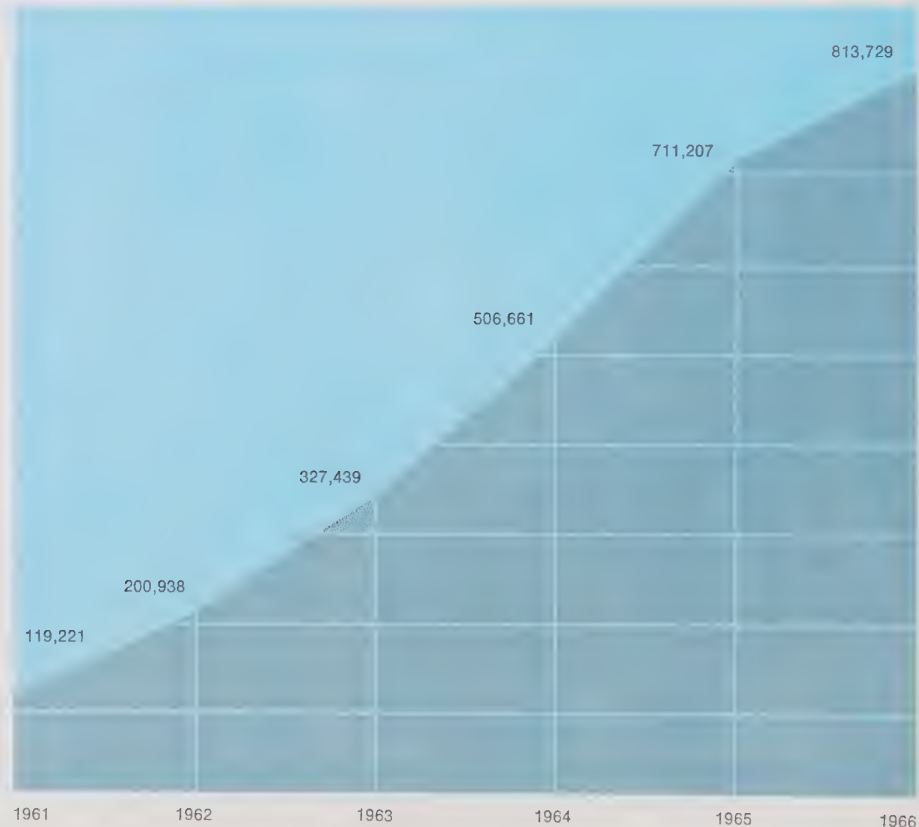
HOME OFFICE OPERATIONS

Rising operating costs are a problem confronting all businesses today. The Company is well aware that future financial results will be determined to an important degree by effective cost control. Long conscious of the importance of cost controls, N.W.L. has consistently improved the relationship between expenses and premium income. Graphical comparisons are shown below and on the following page.

Our Home Office Management Committee is continually reviewing each department to improve procedures, accelerate the handling of all business and reduce cost wherever possible. All operating methods are appraised carefully and possibilities for cost reduction are examined systematically.

Additional utilization was made of N.W.L.'s Data Processing system in 1966, attaining significant economies and greatly decreasing the number of man hours involved in supplying vital information. A number of operations formerly handled manually were performed by this equipment. Additional operating procedures will be transferred to the system in 1967. The increased efficiency achieved is indicated by the fact that there were 20 Home Office employees at the end of 1966, compared to 22 at the end of 1963. In addition, vital information formerly not practical or possible to obtain, is now supplied by the data processing equipment. For example, each month our Branch Managers are furnished with an analysis of the contracts sold by each salesman in their office, supplying a complete picture of the over-all results achieved.

PREMIUM INCOME



Premium income has increased consistently as shown on this six year chart. N.W.L.'s 1966 premium income of \$813,729 is an increase of 581 percent over that of 1961 at \$119,221.

Taking full advantage of modern equipment and updated procedures are requisites to providing proper service and achieving in the future the same favourable financial growth of the past. Experience to date has demonstrated that the cost reduction study and further utilization of data processing equipment will make important contributions to the Company's over-all progress.

MANPOWER DEVELOPMENT

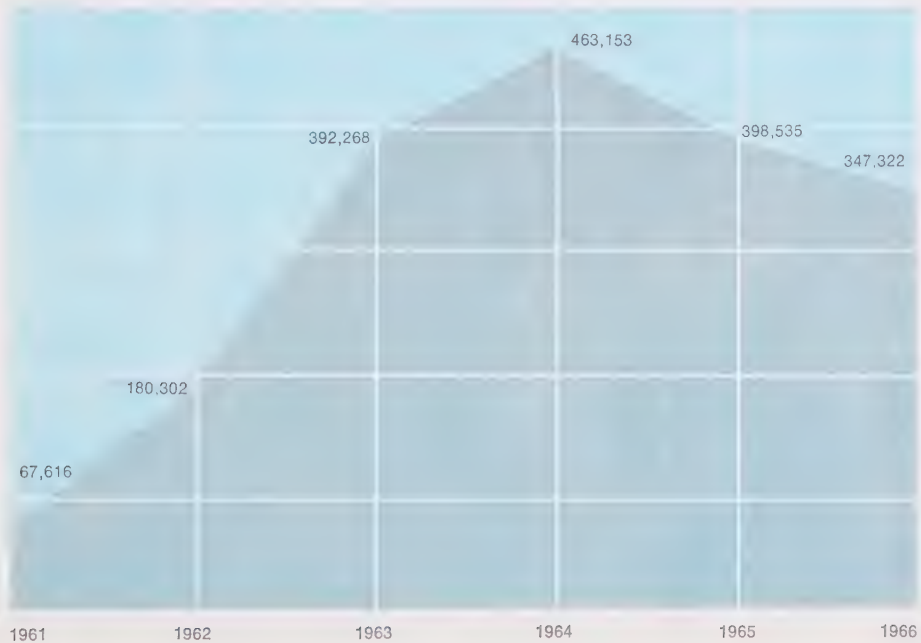
That an insurance company's most valuable asset is a well-trained, competent field force is no idle cliché. The importance of the sales organization creates the imperative that constant attention be given to the addition of qualified new men and retention of present members.

Important and meaningful measures have been adopted to achieve the goal of increasing manpower. Others are in the process of development to bring about expansion of the N.W.L. sales organization.

Factors tending to impede increasing the size of N.W.L.'s sales organization include the proportionately small number of people in the 30 to 45 age group, full employment, and high incomes and attractive fringe benefits offered competent people by many industries. Close attention has been given to ways of surmounting these difficulties.

N.W.L. Managers are making a special effort during 1967 to add qualified new men to their field organization. At the Managers' Planning Conference held in Vancouver, B.C., in November 1966, each Manager set a manpower objective for his office, to be reached by the end of 1967.

GENERAL EXPENSES



This chart shows the general expenses during the last six years. It may be noted that, while expenses rose during the period at rapid expansion in the early sixties, there has been a consistent decline during the past two years. Although expenses were much greater in 1966 than in 1961, the ratio of expenses to premium income declined to 42.68% in 1966 compared to 56.71% in 1961.

BUSINESS DEVELOPMENT

Elsewhere in this statement we have featured a report on the sales in 1966 and the year end volume in force figures, together with comparisons to prior years. The figures and graphs do not, however, reveal certain significant factors. Of particular importance is the fact that at December 31, 1966 a greater percentage of our business in force was in ordinary individual policies and a lesser percentage in group business compared to the previous year. In 1966 we terminated a \$5 million potentially unprofitable group case. As a result, while our total in force volume increased by only \$11 million, our individual more profitable ordinary business increased by over \$16 million.

The quality of the new business produced in 1966 also showed improvement over earlier years. We attribute this to our emphasis on the recruiting of higher calibre sales representatives and the continued training of all our field personnel.

PLANS OF INSURANCE OFFERED

In 1961 N.W.L. introduced a full line of entirely new life and health insurance plans. Reserves of life insurance plans were based on the 1958 CSO mortality table, reflecting the increased life expectancy experienced. N.W.L. was among the first Canadian companies to use the new table.

All plans offered have continued to receive careful study to determine if they meet current requirements. As a result, a number of new plans have been introduced since 1961.

BOARD OF DIRECTORS



Einar M. Gunderson
F.C.A., Vancouver
*Chairman of the Board
Executive Vice-President
and Director, The Pacific
Great Eastern Railway*



Peter G. Ropchan
Vancouver, President



Alvin Libin
Calgary, Vice-President
*Vice-President, Domestic
Finance Co. Ltd.*



D. R. Annett
Toronto, Vice-President
*President, Annett & Co. Ltd.
and Allied Companies*



John G. Chaston
Vancouver
*Secretary-Treasurer and
Director of Pemberton
Securities Ltd.*



Clayton Delbridge
Vancouver
*Chairman of the Board,
Vancouver Sun*



E. A. Johnson, M.D.
Calgary
*Head of the Johnson Eye
Clinic*



Ralph J. Leonard
Lethbridge
*President, Leonard Tire
Mart Ltd.*



Harold McNamara
Toronto
*President, McNamara
Corporation Ltd.*



Capt. H. J. C. Terry
Vancouver
*President, Potter
Distilleries Ltd.*



John Wintermeyer, Q.C.
Toronto
*Senior Partner, Wintermeyer
& Smith, Kitchener*

COMPANY OFFICERS

Einar M. Gunderson, F.C.A.
Chairman of the Board

Peter G. Ropchan
President

Alvin Libin
Vice-President

D. R. Annett, B.Comm., M.S., Ph.D.
Vice-President

A. W. Putz, C.G.A.
Secretary-Treasurer

J. B. Watson
Assistant Secretary

D. R. Francis, B.Sc., A.S.A.
Actuary and Asst. General Manager

A. C. B. Singleton, M.D., D.T.M.&H., D.P.H.
Medical Director

E. R. Aird
Agency Secretary

NWL BRANCH OFFICES AND GENERAL AGENTS

VANCOUVER

D. Hugonin, Manager
1033 Davie Street
Vancouver 5, B.C.

CALGARY

Peter Streukens, Manager
615 - 5th Street South West
Calgary, Alta.

EDMONTON

Les. R. Johnson, C.L.U., Manager
9950 - 107th Street
Edmonton, Alta.

RED DEER

Dan Nikiforuk, Manager
4411 Gaetz Avenue
Red Deer, Alta.

OAKRIDGE INSURANCE AGENCIES LTD.

B. B. Simmons, Manager
5504 Cambie Street
Vancouver 10, B.C.

THIBAUDEAU AGENCIES LTD.

Tony Thibaudeau, C.L.U., Manager
10168 - 102nd Street
Edmonton, Alta.

BLACK GAVIN & CO. LTD.

Harold Gavin, Manager
533 West Pender Street
Vancouver 2, B.C.

McTAVISH INSURANCE AGENCIES LTD.

John McTavish, Manager
918 Government Street
Victoria, B.C.

A. NEUFELD AGENCY

Ab. Neufeld, C.L.U., Manager
Ste. 57 - 845 Hornby Street
Vancouver 1, B.C.

NWL BRANCH MANAGERS AND GENERAL AGENTS



P. Streukens, Manager
Calgary Branch



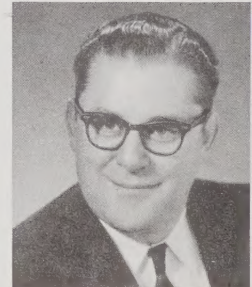
D. Nikiforuk, Manager
Red Deer Branch



D. Hugonin, Manager
Vancouver Branch



L. Johnson, C.L.U.,
Manager,
Edmonton Branch



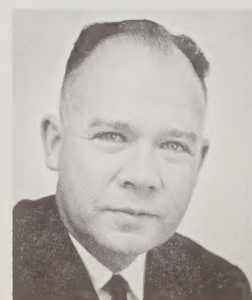
B. B. Simmons, Manager
Oakridge Insurance
Agencies Ltd.



A. V. Thibaudeau, C.L.U.,
Manager
Thibaudeau Agencies Ltd.



A. Neufeld, C.L.U.,
Manager
A. Neufeld Agency



J. McTavish, Manager
McTavish Insurance
Agencies Ltd.

